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FOR IMMEDIATE RELEASE:

FAST CASH LOANS CHARGED BY STATE REGULATOR

Payday Lender Illegally Threatens Borrowers With Criminal Prosecution

OLYMPIA, WA – The Department of Financial Institutions (DFI) filed charges against payday lender Fast Cash Loans for illegal collection procedures, lending practices, and overcharges. After a joint investigation with the Attorney General's Office, the Department filed charges to revoke the company's license, impose fines, order restitution to consumers, and remove the company president and some of the collection staff from the industry. Fast Cash is one of the ten largest payday lenders operating in Washington.

The State received complaints from consumers claiming that Fast Cash Loans used unreasonable collection tactics. In 32 of the over 50 consumer complaints, borrowers alleged that Fast Cash collectors represented themselves as fraud investigators. The "investigators" threatened criminal prosecution for felony check fraud if borrowers failed to repay their payday loans. Such threats are illegal under Washington's payday lending law.

Fast Cash collectors allegedly used profanity and, in some instances, told borrowers that they would lose custody of their children – or told the children that the parents would be going to jail. The payday lender used verbally abusive tactics such as telling borrowers that they were "a nobody," stating that if they were *somebody* they wouldn't need to use a payday lender.

Fast Cash Loans made a practice of contacting a borrower's family, landlord, neighbors, employer, and others to tell of the fabricated felony check fraud investigations. The collectors called borrowers and non-borrowers at inconvenient hours or locations and, in some instances, made more than five collection calls a day to them.

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In addition to the collection violations, DFI uncovered loan files indicating that borrowers were overcharged fees, and that disclosure statements understated the loan's annual percentage rate. Borrowers who requested a repayment plan, which is legally allowed after four successive loans, were denied a plan or were forced into default – incurring more fees.

“While cases of this nature are rare, we are concerned that one of the state's larger payday lenders engaged in such practices,” said DFI Director, Helen Howell. “Investigations revealing the outrageous behavior of a few companies is one of the reasons why DFI launched its public awareness campaign. Borrowers need to be educated about their rights when it comes to payday loans.”

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DFI Awareness Campaign

In August, DFI launched a campaign to educate consumers about their rights under the law and other options to payday loans for long-term cash needs. The public service announcements included radio, billboards, and public transit panels. The public education campaign is running statewide and will continue through October. More information about payday loans and consumer rights is available on the Department's website.

(www.dfi.wa.gov)

*** Interviews with Chuck Cross, Director of the Division of Consumer Services, may be arranged through Scott Kinney.